



Form 63-29A Ocean Marine Profits Tax Return

2006

Massachusetts
Department of
Revenue

To be filed by domestic and foreign insurance companies which are subject to the provisions of Massachusetts General Laws, Ch. 63, section 29A.
For calendar year 2006 or taxable year beginning
2006 and ending

Name of company

Federal Identification number

Mailing address

City/Town

State

Zip

Name of treasurer

Organized under the laws of

Has the federal government changed your taxable income for any prior year which has not yet been reported to Massachusetts? Yes No.

All amounts must be properly entered on all forms. Failure will result in a penalty assessment. Attachments are not sufficient compliance.

Under the penalties of perjury, I declare that to the best of my knowledge and belief, this return and enclosures are true, correct and complete.

Signature of appropriate corporate officer

Social Security number

Telephone number

Date

Individual or firm signature of preparer

Employer Identification number

Address

Date

►

If you are signing as an authorized delegate of the appropriate corporate officer, check here and enclose Massachusetts Form M-2848, Power of Attorney. The Privacy Act Notice is available upon request.

General Instructions

Where marine premiums are called for in this return, only premiums on goods or other insurable interests in the course of exportation, importation or transportation coastwise, or upon these goods or insurable interests while being prepared for or awaiting such shipment are to be included. The Massachusetts marine premiums not included in the foregoing classification are not subject to the provisions of sec. 29A of Ch. 63 of the Massachusetts General Laws but may be taxable under sec. 22 (domestic company) or sec. 23 (foreign company).

All companies which reasonably estimate their insurance excise to be in excess of \$1,000 are required to pay quarterly estimates of 40%, 25%, 25% and 10% of the tax due. Any inquiries relative to the filing of estimated tax payments should be addressed to the Massachusetts Department of Revenue, Banking and Insurance Unit, PO Box 7052, Boston, MA 02204.

The actual estimated tax payments made must agree with the estimated tax payments shown on each return. All returns filed are on account of separate and distinct taxes, and payments made on account thereof should be so treated. An overpayment of one tax may not be taken as a credit against the current year's liability of another tax.

Economic Opportunity Area Credit. For information regarding the Economic Opportunity Area Credit, see Schedule EOAC and instructions.

Full Employment Credit. For information regarding the Full Employment Credit, see Schedule FEC and instructions.

Low-Income Housing Credit. For information regarding the Low-Income Housing Credit, contact the Department of Housing and Community Development, Division of Private Housing, at (617) 727-7824.

Historic Rehabilitation Credit. For information regarding the Historic Rehabilitation Credit, see Regulation 830 CMR63.38R.1, Massachusetts Historic Rehabilitation Credit.

Home Energy Efficiency Credit. For Information regarding the Home Energy Efficiency Credit, see Schedule HEEC and Technical Information Release (TIR) 05-18.

Solar Heat Credit. For information regarding the Solar Heat Credit, see TIR 05-18.

Film Incentive Credit. For information regarding the Film Incentive Credit, see TIR 06-1.

Medical Device Credit. For information regarding the Medical Device Credit, see TIR 06-22.

Brownfields Credit. For information regarding the Brownfields Credit, see TIR 06-16.

Voluntary Contribution. A corporation may contribute any amount to the Natural Heritage and Endangered Species Fund. Contributions are applied to conservation programs for the protection of rare and endangered plants and non-game wildlife within Massachusetts. This contribution will increase the balance due or decrease the amount of refund.

Reproduction of Forms. Reproduction of forms must be approved prior to filing. They must meet the criteria outlined in TIR 95-8.

This return, together with payment in full, is due on or before May 15, 2007.

Any portion of this excise not paid by the due date bears interest at the applicable rate, and a penalty of $\frac{1}{2}\%$ per month, up to a maximum of 25% of the tax due. Failure to file this return on time incurs a penalty of 1% per month (or fraction thereof), up to a maximum of 25% of the tax due.

Mail to: **Massachusetts Department of Revenue, PO Box 7052, Boston, MA 02204.** Make check or money order payable to: **Commonwealth of Massachusetts.**

Dividend Deduction Schedule

Enter dividends paid or credited to policyholders during the taxable year 2006 for United States marine business subject to Section 29A of MGL, Chapter 63.

1 On direct business	1	
2 On reinsurance assumed	2	
3 Total	3	
4 Less dividends received on reinsurance paid.	4	
5 Net dividends paid or credited during 2006 on U.S. 29A Marine (from Profit Schedule, line 8)	5	

Federal Income Tax Deduction Schedule

Lines 6 through 12 refer to Profit Schedule, line 10.

6 Total amount of federal income tax (actual) on business year 2006	6	
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Give date for filing federal return _____.

In support of line 6, furnish a copy of your U.S. Corporation Income Tax Return, Form 1120. State the amount of underwriting gain and of investment income that comprise "Taxable Income" in line 30 of said return. If above date indicates federal return is not yet filed, state that line 6 is estimated. Submit aforementioned copy when available and the recomputation of lines 6 to 12 if necessary.

Part of 6 covering

7 Investment income	7	Total tax on
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	Normal tax or	Normal and surtax	Excess profits tax	
8 Underwriting gain	8			
9 Underwriting profit — all classes (Insurance Expense Exhibit, Part II)			9	
10 Underwriting profit (United States 29A Marine from page 3, line 9)			10	
11 Ratio: Underwriting profit — United States 29A Marine, line 10 Underwriting profit — all classes, item 9			11	
12 Federal income tax on 2006 U.S. 29A Marine Business return. Obtain as follows: If ratio in line 11 is less than 100%, apply said ratio to line 8. If ratio in line 11 exceeds 100%, the following ratio is to be applied to line 8:			12	

Underwriting profit — United States 29A Marine, line 10

Sum of underwriting gains of all classes showing gains in Expense Exhibit. Part II

Ocean Marine Underwriting Profit Per Expense Exhibit

Complete the following schedule. The ocean marine underwriting profit as reported in the insurance expense exhibit is to be allocated to alien and United States with no adjustment in the latter for exclusion of prior losses. Give percentages that losses incurred and expenses incurred bear to earned premiums.

	Foreign		United States	
		Pct.		Pct.
Net earned premiums				
Net losses incurred				
Net expenses incurred				
Underwriting profit.....	Foreign		United States	

Profit Schedule

1 Net premiums on marine insurance written in the United States during the taxable year, meaning gross premiums less return premiums, premiums on policies not taken and net premiums paid for reinsurance (from Supplementary Schedule, line 5, col. d)	1	
2 Subtract unearned premiums on such marine insurance at end of taxable year	2	
3 Total	3	
4 Add unearned premiums on such marine insurance at the beginning of year	4	
5 Net earned premiums on United States 29A marine insurance for taxable year.....	5	
6 Subtract net losses incurred (from Net Loss Schedule, line 9)	6	
7 Subtract net expenses incurred (from Supplementary Schedule, line 17)	7	
8 Subtract dividends paid or credited to policyholders (from Dividend Deduction Schedule, line 5)	8	
9 Balance	9	
10 Subtract federal income tax (from Dividend Deduction Schedule, line 12).....	10	
11 Balance	11	
12 Add excess of total of lines 7 and 10 over 40% of net premiums (from line 1). Not less than "0"	12	
13 Net underwriting profit on United States 29A Marine taxable year 2006.....	13	

Calculation of Tax

1 Net underwriting profit for the year ended December 31, 2006 (from Profit Schedule, line 13)	1	
2 Net underwriting profit for the year ended December 31, 2005.....	2	
3 Net underwriting profit for the year ended December 31, 2004.....	3	
4 Total for three-year period. Add lines 1 through 3	4	
5 Divide line 4 by 3.....	5	
6 Ratio — $\frac{\text{average Massachusetts marine premiums}}{\text{average United States marine premiums}}$ percentage (from Ratio Schedule, line 11)	6	
7 Amount taxable (apply percentage in line 6 to line 5).....	► 7	
8 Tax at 5.7%	8	
9 Credit recapture (enclose Schedule H-2)	► 9	
10 Tax due before credits. Add lines 8 and 9	10	
11 Economic Opportunity Area Credit (enclose Schedule EOAC)	► 11	
12 Full Employment Credit (enclose Schedule FEC)	► 12	
13 Low-Income Housing Credit (enclose documentation).....	► 13	
14 Historic Rehabilitation Credit (enclose documentation)	► 14	
15 Home Energy Efficiency Credit (enclose documentation)	► 15	
16 Solar Heat Credit (enclose documentation)	► 16	
17 Film Incentive Credit. Certificate number ► _____	► 17	
18 Medical Device Credit. Certificate number ► _____	► 18	
19 Brownfields Credit. Certificate number ► _____	► 19	
20 Total credits. Add lines 11 through 19	► 20	
21 Excise due before voluntary contribution. Subtract line 20 from line 10. Not less than "0".....	21	
22 Voluntary contribution for endangered wildlife conservation.....	► 22	
23 Excise due plus voluntary contribution. Add lines 21 and 22	► 23	
24 2005 overpayment applied to 2006 estimated tax	► 24	
25 2006 Massachusetts estimated tax payments. Do not include amount from line 24.....	► 25	
26 Payments made with extension.....	► 26	
27 Total payments. Add lines 24 through 26.....	27	
28 If total in line 27 is larger than line 23, enter amount overpaid	28	
29 Amount of line 28 to be credited to 2007 estimated tax	► 29	
30 Amount of line 28 to be refunded. Subtract line 29 from line 28	► 30	
31 If line 23 is larger than the total in line 27, enter the balance due.....	31	
32 M-2220 penalty ► \$ _____ ; Other penalties ► \$ _____ Total penalty	32	
33 Interest on unpaid balance	► 33	
34 Total payment due at time of filing.....	► 34	

Supplementary Schedule

Premiums Written

1 Direct (net of refunded).....

2 Reinsurance assumed (net of returned)

• Double premium savings possible (e.g. 10% off annual premium if you pay annually)

5 Net premiums retained

Losses Paid

6 On direct writings (salvage deducted)

7 On reinsurance assumed (salvage deducted)

8 Total Add lines 6 and 7

Ocean Marine Expenses

Col. a should agree with corresponding lines in Insurance Expense Exhibit.

11 | Loss adjustment expenses

12. Commission and brokerage

15 Taxes, licenses and fees excluding federal income and real estate taxes. . .

16 totals.....

17 Net United States ocean marine expenses incurred Enter result here and

a. Entire business all classes	b. Foreign — all classes line 5(c) ocean marine and 10(d) all others	c. Business within United States all classes Subtract col. b from col. a	Classification of business within United States			g. Lines in col. d written in Massachusetts	h. Lines in col. d applying to losses incurred prior to January 1, 1945 or date applicable
			d. Marine as per Section 29A	e. Marine, other than as per Section 29A	f. All other classes		
1							
2							
3						*a _____	
4						*b _____	
5	c _____ d _____					**	
6							
7							
8							
9							
10	c _____ d _____						
Paid		Incurred	Incurred	e. Lines in col. d applying to business of years prior to January 1, 1945 or date applicable			
a. Total ocean marine business	b. Foreign ocean marine business	c. Foreign ocean marine business	d. Ocean marine business within United States	e. Lines in col. d applying to business of years prior to January 1, 1945 or date applicable			
11							
12							
13							
14							
15							
16							
Deduct: total of col. e							

*Show separation into (a) authorized and (b) unauthorized reinsurance.

****Reconciliation of line 5, col. g with annual statement, page 14. Show pools, exchange, treaties and the amounts assumed and ceded through each.**

Section 29A United States Marine Insurance Net Losses Incurred in Taxable Year

The standard cut-off date for lines 1 to 9 is December 31, 1944.

1	Payments during the taxable year on marine losses (salvage deducted) incurred since December 31, 1944, less recoveries on reinsurance on losses incurred since December 31, 1944 (from Supplementary Schedule, line 10, col. d less col. h)	1	<input type="text"/>
2	Add reinsurance recoverable December 31 of the previous year on paid marine losses incurred since December 31, 1944	2	<input type="text"/>
3	Total	3	<input type="text"/>
4	Deduct reinsurance recoverable December 31 of the taxable year on paid marine losses incurred since December 31, 1944	4	<input type="text"/>
5	Balance	5	<input type="text"/>
6	Add net amount unpaid December 31 of the taxable year on marine losses incurred since December 31, 1944 (net as to recoveries on reinsurance ceded)	6	<input type="text"/>
	Amount excluded on losses incurred prior to January 1, 1945. *\$ _____		
7	Total	7	<input type="text"/>
8	Deduct net amount unpaid December 31 of the previous year on marine losses incurred since December 31, 1944 (net as to recoveries on reinsurance ceded)	8	<input type="text"/>
	Amount excluded on losses incurred prior to January 1, 1945. \$ _____		
9	Net losses incurred during the taxable year of 2006	9	<input type="text"/>

Ratios

In the following, net premiums means direct premiums plus reinsurance assumed, both net of returned premiums, and less net reinsurance premiums ceded.

1	Net premiums on 29A Marine business written in United States in 2006 (from Supplementary Schedule, line 5, col. d)	1	<input type="text"/>
2	The same written in 2005	2	<input type="text"/>
3	The same written in 2004	3	<input type="text"/>
4	Total for three-year period.	4	<input type="text"/>
5	Average. Divide line 4 by 3	5	<input type="text"/>
6	Net premiums on 29A Marine business written in Massachusetts in 2006 (from Supplementary Schedule, line 5, col. g)	6	<input type="text"/>
7	The same written in 2005	7	<input type="text"/>
8	The same written in 2004	8	<input type="text"/>
9	Total for 3-year period	9	<input type="text"/>
10	Average. Divide line 9 by 3	10	<input type="text"/>
11	Average Massachusetts Marine Premiums (line 10) \$ _____ (carry decimal to six places)	11	<input type="text"/>
	Average United States Marine Premiums (line 5) \$ _____		

*Amount of actual United States unpaid losses is required.